

Facts about Michigan's Minimum Wage Law

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Michigan's Minimum Wage and Overtime Law covers:

- Employers who employ two or more persons, 16 years-of-age or older, and
- Certain employees in federally-covered businesses because the state minimum wage rate for those employees will be higher than the federally required rate as of October 1, 2006.
- In situations where an employee is subject to both the state and federal minimum wage laws, the employee is entitled to the higher of the two minimum wage rates.

Michigan's minimum wage:

- Has provided a minimum hourly wage rate of \$5.15 per hour since September 1, 1997, but the rate increases to:
 - \$6.95 per hour, effective October 1, 2006,
 - \$7.15 per hour, effective July 1, 2007; and
 - \$7.40 per hour, effective July 1, 2008.
- Provides an overtime rate for non-exempt employees of 1½ times the regular rate of pay, for hours worked exceeding 40 in a workweek.
- Has allowed since March 12, 1997, **"tipped" employees**, such as food servers, to be paid \$2.65 per hour if they report receiving tips of \$2.50 an hour.
 - Effective October 1, 2006, employers will have to ensure that tipped employees earn, at least, \$6.95 an hour through a combination of tips and the \$2.65 minimum.
 - Effective July 1, 2007, the combined earnings for tipped employees must equal \$7.15 an hour.
 - Effective July 1, 2008, the combined earnings for tipped employees must equal \$7.40 an hour.
- Establishes a training wage for new employees, ages 16 to 19, of \$4.25 per hour for first 90 calendar days of employment; and
- Establishes compensatory time provisions that allow an employee to accrue and use compensatory time in lieu of overtime pay if certain conditions are met.

Federal minimum wage

The federal minimum wage applies to employees of most enterprises. However, where an employee is subject to both the state and federal minimum wage laws, the employee is entitled to the higher of the two minimum wages.

The federal minimum wage applies to those who work for employers that:

- Produce goods for sale outside Michigan (for interstate commerce);
- Have gross annual revenue of more than \$500,000;
- Employ domestic service workers, such as day workers, housekeepers, chauffeurs, cooks or full time babysitters and pay them at least \$50 in cash wages in a calendar quarter or work them more than 8 hours a week.
- Are hospital or health care facilities for the sick, aged or mentally ill, or
- Are pre-school, elementary or secondary schools or colleges, or

- Are agricultural employers who employ 500 man-days of agricultural labor (in a quarter for the previous or current year),
- Are federal, state or local governments.

For more information

To learn more about Michigan's minimum wage law, please contact:

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For more information about the federal minimum wage law, please contact the U.S. Department of Labor, Wage & Hour staff, at:

1-866-4US-WAGE



Michigan Department of Labor & Economic Growth
Office of Wage & Hour
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